

**ALTUS CITY COUNCIL
SPECIAL MEETING
MINUTES
JULY 14, 2015**

1. CALL TO ORDER

The Altus City Council met in Special Session, Tuesday July 14, 2015 at 7:25 p.m. in the Council Chambers of City Hall. Notice of the meeting was duly filed and posted in the office of the City Clerk, Friday, July 10, 2015 at 10:15 a.m.

The Mayor called the meeting to order.

2. ROLL CALL

The Secretary's roll call indicated the following members present:

Jack Smiley - Mayor
Presiding

Perry Shelton	Kevin McAuliffe
Dwayne Martin	Chris Riffle
Doyle Jencks	Rick Henry
Jon Kidwell	Jason Winters

Absent:: None

Also Present: David Fuqua, Catherine Coke, Jan Neufeld, Debbie Davis, Donita Beers, Linda Walker, Dan Scott, Ken Pike, Jerry Gibson, Dennis & Angie Murphy, Jerry & Tracy Abbott, Tim Murphy, Barbara Burleson, Janice Berryhill, Daniel Adams, Steve Perry, Kevin Jones, Kenny Combs, Gene Leister, Mary Billingsley, Freddie Perez, Nathan Ellis, Chris Gander, Henry Hartsell and other public.

3. CONSIDER, DISCUSS AND VOTE TO APPROVE RESOLUTION NO. 2015-29 APPROVING THE INCURRENCE OF INDEBTEDNESS BY THE ALTUS MUNICIPAL AUTHORITY (The Authority”) ISSUING ITS ELECTRIC SYSTEM REVENUE NOTE, SERIES 2015 (The “Note”) ; PROVIDING THAT THE ORGANIZATIONAL DOCUMENT CREATING THE AUTHORITY IS SUBJECT TO THE PROVISIONS OF THE INDENTURE AUTHORIZING THE ISSUANCE OF SAID NOTE; WAIVING COMPETITIVE BIDDING WITH RESPECT TO THE SALE OF SAID NOTE AND APPROVING THE PROCEEDINGS OF THE AUTHORITY PERTAINING TO THE SALE OF SAID NOTE; RATIFYING AND CONFIRMING A LEASE, AS AMENDED, BY AND BETWEEN THE CITY AND THE AUTHORITY PERTAINING TO THE CITY’S ELECTRIC SYSTEM; ESTABLISHING THE CITY’S REASONABLE EXPECTATION WITH RESPECT TO THE ISSUANCE OF TAX-EXEMPT OBLIGATIONS BY OR ON BEHALF OF SAID CITY IN CALENDAR YEAR 2015, AND DESIGNATING THE NOTE AS A QUALIFIED TAX-EXEMPT OBLIGATION AND CONTAINING OTHER PROVISIONS RELATING THERETO.

This item presented by

Motion made by HENRY and seconded by McAULIFFE to approve Resolution 2015-29

The Mayor called for the vote recorded as follows:

AYE:

NAY: None

Motion carried 9-0

4. CONSIDER, DISCUSS AND VOTE TO AUTHORIZE STAFF TO PURCHASE CAPITAL ITEMS PER ATTACHED LIST. FURTHER AUTHORITY APPROVAL WILL ONLY BE NECESSARY IF THE ACTUAL AMOUNTS VARY FROM ATTACHED ESTIMATES MORE THAN 20% PER ITEM OR THERE ARE ANY CHANGES TO THE LIST AND/OR TAKE ANY OTHER APPROPRIATE ACTION.

BACKGROUND: As has been discussed several times, the City/AMA has put off buying new equipment, has dumped unreasonable amounts into repairing old equipment and has purchased low quality equipment all to save a few dollars at the moment, causing the cost to be significantly higher in the long run. In an effort to “jump start” our 5-year capital outlay plan we are borrowing \$2M. Staff has worked diligently to determine the most pressing needs of the organization as a whole. In some cases it was determined that repurposing a piece of equipment from one department to another would more than adequately take care of both departments. All departments have been consulted and believe to the best of their knowledge that if their departments receive the items on the Capital Purchase Request List that they will have the appropriate, operational equipment to perform their jobs in an efficient manner. In an effort to facilitate these purchases in an expedient, efficient and prudent manner, it is requested that each individual purchase not have to come back before the Municipal Authority for additional approval. If any individual item exceeds the estimated cost by more than 20% that item will be brought back before the Authority for approval. Additionally, any changes and all additions will be brought back for approval. The Capital Purchase Request List totals \$914,750.00. It is recommended that the balance of \$85,250.00 be left until it is determined what the actual costs are and what additional items constitute the next highest priorities.

This item presented by

Motion made by SHELTON and seconded by RIFFLE to authorize staff to purchase capital items per attached list. Further Council approval will be necessary if the actual amounts vary more than 20% per item or if there are any changes to the list.

The Mayor called for the vote recorded as follows:

AYE:

NAY: None

Motion carried 9-0

5. DISCUSS CITY OF ALTUS AVAILABLE REVENUE/FINANCING OPTIONS WHICH INCLUDE SALES TAX, PROPERTY TAX AND AMA TRANSFERS.

BACKGROUND: As has been discussed several times, the City of Altus and the Altus Municipal Authority need to be looking at their revenue sources on an annual basis. Historically, during budget season all of the time and effort have gone into looking at the expense side. Expenses have been cut significantly over the past several years and the organization has still struggled. It is time to look at the revenue side of the equation. The Municipal Authority recently approved a Utility Rate Study that if given serious consideration will enable the water, sewer and trash utilities to discontinue subsidizing residents’ utility bills thus enabling them to adhere to the 5 year capital outlay plan. As revenue sources are limited in the State of Oklahoma, the only two other significant revenue sources for the City are sales tax and property tax. The City’s sales tax is currently lower than 63% of cities in Oklahoma. AND, an entire 1.71% goes to MAPS AND DOES NOT HELP FUND THE City of Altus general government. The Municipal authority transfers \$6.4M per year into the City while the sales tax that funds the day to day operations only generates \$5M per year. In comparing similar cities in Oklahoma by using the “true operating %” of sales tax [determined by calling the cities to find out if any of their tax was dedicated and if so, what for, then subtracting out anything that did not actually help fund day to day operations (example: If it was dedicated to economic development it was subtracted but if it was dedicated to public safety then it was not; since public safety monies

help alleviate the operating budget)] Altus is the lowest by at least 1% (Altus is 2%, the next highest was 3% and the highest was 4%). 1% of our sales tax is \$2,500,000! The comparison also shows that our per capita sales tax received in June 2015 was \$19.81, which means that is how much we have per person, per month to operate the City and provide that citizens adequate police and fire protection; decent streets and alleys; parks; cemetery; recreation activities, the list goes on. The City of Ada's is \$69.44 (see sales tax comparison exhibit). The only city less than Altus was Bethany who received just over half of the total tax altus did and has almost the same population. If the City of Altus raised its sales tax at 9.5%, it would generate an additional \$1,875,000 per year. If we were able to fund MAPS 2 with a General Obligation bond (against property taxes) and change the use of the 1.75% for general city operations it would generate an additional \$4,375,000 per year. Both of those together would generate \$6,250,000 per year. These revenue sources are definitely something that need discussion and consideration.

Motion made by KIDWELL to Table this item. The motion was seconded by McAULIFFE.

The Mayor called for the vote recorded as follows:

AYE:

NAY: None

Motion carried 9-0

6. ADJOURN at 7:45 p.m.

Jack Smiley, Mayor

Debbie Davis, City Clerk/Treasurer